

## **IRS OFFERS OPTIONS WHEN TAX DAY IS "PAY" DAY**

WASHINGTON -- If the tax filing deadline will be a "pay" day for you, the Internal Revenue Service offers several options to help you meet your obligation. It also has special programs for those who cannot pay what they owe.

If you're sending a check or money order, make it payable to "United States Treasury" and include your Social Security number, a daytime phone number, the year and type of form filed -- for example, "1999 Form 1040." Use the Form 1040-V payment voucher if you have one and do not staple the payment to the tax return. Send any 2000 estimated tax payment separately.

While e-filing your return by computer or phone, you may authorize the Treasury to electronically withdraw the tax due directly from your checking or savings account on a specified date. This is similar to the electronic funds transfer arrangements many people have for their monthly mortgage, auto, utility or insurance payments, except this direct debit for income tax is a one-time payment. There is no charge for this service. More than 100,000 e-filers have authorized direct debit payments this year.

You may also charge your taxes on a credit card. Anyone may call (toll-free) 1-888-2PAY-TAX to charge the balance due on a 1999 federal income tax return to an American Express, Discover Card or MasterCard account. You may also use this credit card system if you choose to make a payment related to an automatic filing extension request, or to make estimated tax payments for 2000. Taxpayers or return preparers who use Intuit or Orrtax software to e-file may charge a balance due by putting the credit card information into the electronic file they send.

Under both the phone and computer methods, private sector companies process the credit card transactions and charge convenience fees. The IRS does not collect such fees, nor does the IRS receive or store the credit card numbers. The cardholder's account statement will show the tax payment and the fee separately. As of March 31, the IRS had received about 16,700 credit card payments, more than triple the number at this time last year, with an average charge of \$1,362.

(more)

Those who cannot pay the full tax due may qualify for an installment payment plan. The IRS offers a streamlined approval process if the amount due is not more than \$25,000 and the taxpayer will pay it within a five-year period. These agreements do not require a collection manager's approval, and do not involve the filing of liens.

You may ask for an installment plan when you file by attaching Form 9465, "Installment Agreement Request," to the front of the tax return, listing the proposed monthly payment amount and date. You may also choose to conveniently make the payments from your bank account each month through a direct debit program.

There is a \$43 fee for setting up the installment agreement. Taxpayers will also pay interest -- currently figured at nine percent per year, compounded daily -- plus a late payment penalty. This penalty, usually 0.5 percent of the balance due per month, drops to 0.25 percent when the IRS approves the agreement, if the taxpayer filed the return on time and did not receive a levy notice.

Besides possibly qualifying for this reduced late payment penalty, people who cannot pay the taxes owed have another reason to file on time -- to avoid the late filing penalty of five percent per month of the balance due. Sending as large a payment as possible with the return will lessen any interest and penalty charges.

The IRS Web site at [www.irs.gov](http://www.irs.gov) has an interactive feature to help taxpayers determine their eligibility for an installment agreement and to download related forms. Form 9465 is also available by calling (toll-free) 1-800-TAX-FORM, or from IRS TaxFax. From a fax machine, call 703-368-9694 -- not a toll-free number -- and request item #14842 by return fax.

If you cannot possibly come up with the money to pay your taxes, even on an installment plan, you may apply for an "offer in compromise" to settle your tax debt for less than the full amount owed. The IRS will review your financial situation and future income potential in order to determine the appropriateness of your offer. Get Form 656, "Offer in Compromise," and Form 433A, "Collection Information Statement for Individuals," through the IRS Web site or the toll-free forms number.

The IRS has received 70 million returns and processed more than 57 million refunds, totaling \$95.6 billion. At \$1,668, the average refund is almost six percent higher than at this time last year.

## 2000 FILING SEASON STATISTICS

Cumulative through the week ending 4/2/99 and 3/31/00

	<u>1999</u>	<u>2000</u>	<u>% Change</u>
<b>Individual Income Tax Returns</b>			
Total Receipts	69,618,000	70,175,000	0.8
Total Processed	60,363,000	63,511,000	5.2
<b>E-filing Receipts:</b>			
TOTAL	24,996,000	29,277,000	17.1
TeleFile (phone)	4,829,000	4,367,000	- 9.6
Computer	20,167,000	24,910,000	23.5
Tax Professionals	18,357,000	21,379,000	16.5
Self-prepared	1,810,000	3,531,000	95.1
<b>Refunds Certified by the Martinsburg Computing Center:</b>			
Number	54,886,000	57,301,000	4.4
Amount of principal	\$86.431 billion	\$95.580 billion	10.6
Average refund	\$1575	\$1668	5.9
<b>Direct Deposit Refunds:</b>			
Number	18,953,000	23,783,000	25.5
Amount	\$39.328 billion	\$50.609 billion	28.7